

**ORIGINAL**

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
 Washington, D.C. 20554

In the Matter of )  
 )  
 MCI TELECOMMUNICATIONS CORP. )  
 )  
 Billing and Collection Services Provided )  
 By Local Exchange Carriers for Non-Subscribed )  
 Interexchange Services )

RM No. 9108

**RECEIVED**  
 JUL 25 1997  
 FEDERAL COMMUNICATIONS COMMISSION  
 OFFICE OF THE SECRETARY

**COMMENTS OF WORLDCOM, INC.**

WorldCom, Inc. ("WorldCom"), by its attorneys, hereby files its comments in support of the "Petition for Rulemaking" submitted by MCI Telecommunications Corporation ("MCI") on May 19, 1997 in the above-referenced proceeding.<sup>1</sup>

**I. INTRODUCTION AND SUMMARY**

WorldCom is a global telecommunications company that provides facilities-based and fully integrated local, long distance, international, and Internet services. WorldCom is the fourth largest facilities-based interexchange carrier ("IXC") in the United States. Following its merger with MFS Communications Company, Inc. on December 31, 1996, WorldCom is now also the largest facilities-based competitive local exchange carrier ("CLEC") in the United States.

WorldCom supports MCI's Petition for Rulemaking insofar as it seeks the adoption of a nondiscrimination requirement applicable to the provision of billing and collection services by local exchange carriers ("LECs") to providers of non-subscribed interexchange

<sup>1</sup> The Commission asked for comments on the MCI Petition pursuant to a public notice released on June 25, 1997. See Public Notice, DA 97-1328, Rulemaking No. 9108, issued June 25, 1997.

No. of Copies rec'd 0+4  
 List A B C D E

services. Adoption of such a requirement is consistent with consumer welfare, competitive opportunities, and the public interest, and also is required by the Telecommunications Act of 1996 insofar as it would apply to the Regional Bell Operating Companies ("RBOCs"). WorldCom urges the Commission to implement a rulemaking proceeding to adopt such a requirement as soon as possible.

**II. WORLDCOM SUPPORTS THE PROMPT INITIATION OF A RULEMAKING PROCEEDING PROPOSING TO ADOPT A NONDISCRIMINATION RULE APPLICABLE TO LEC PROVISION OF BILLING AND COLLECTION SERVICES FOR NON-SUBSCRIBED INTEREXCHANGE SERVICES**

WorldCom strongly supports the Commission's initiation of a rulemaking proceeding to adopt rules governing how local exchange carriers provide billing and collection services to interexchange carriers providing services to non-subscribed consumers. WorldCom believes that requiring LECs to provide billing and collection services on a nondiscriminatory basis would advance consumer welfare, enhance competitive opportunities in the long distance market, safeguard against anticompetitive conduct by LECs, and (in the case of the RBOCs) implement the straightforward mandate of the 1996 Act.

First, as MCI points out, there are substantial public interest benefits attending the continued usage of non-subscribed services provided by IXCs.<sup>2</sup> These casual calling services range from 10-XXX access code calling for direct dialed numbers to collect, third number billed, and utilization of LEC "joint use" calling cards for "away from home" calling. All these services represent part of a large, vibrant segment of the total telecommunications

---

<sup>2</sup> MCI Petition at 3-5.

market, one that recent entrants in particular have found attractive to enter. These niche market services offer many ubiquitous, readily-available, and convenient options for consumers to access the public telephone network. As a result, consumers on the lower end of the income scale tend to utilize these services to a greater degree than other consumers. Consequently, non-subscribed services often fulfill an important universal service role in the lives of many Americans. Equally noteworthy, continued promotion by the LECs of their calling cards and "0+" calling as a preferred access method reinforces the demand for the LEC billing services which are inextricably linked to these types of calls.

Given the public interest benefits of non-subscriber services, it is important that artificial constraints not be erected that would prevent full and unimpeded usage of those services. A key prerequisite to the availability of non-subscriber services is the availability of LEC-provided billing and collection services.<sup>3</sup> IXC's generally have no prior customer relationship with consumers utilizing non-subscribed services. IXC's are able to permit "casual" use of their networks, however, primarily because the incumbent LECs provide a convenient and (to date) cost-effective means of sending bills to those consumers. In the absence of ILEC billing, there is no viable competitive billing alternative for IXC's to fall back on. WorldCom's experience with independent billing of operator-assisted calls suggests that customers are wary of invoices not issued by the LEC or presubscribed IXC, and they therefore can be reluctant to pay such invoices. This situation is not unique to ILECs; where CLECs provide services to the end user customer, the CLEC is in the same position as the ILEC with regard to control over billing and collection services. Thus, IXC's now have little realistic choice but to use the billing

---

<sup>3</sup> MCI Petition at 6-10.

and collection services provided by the LECs. While not optimal, to date this situation has not posed a major problem.

What prompted MCI to file its petition for rulemaking, and WorldCom to submit these comments in support, is growing evidence that the ILECs are seeking to capitalize on their current exclusive role in the billing and collection market in a way that will harm the public interest. MCI reports that several ILECs are seeking to renegotiate their existing billing and collection contracts with IXC's at substantially higher rates, and in some cases have threatened a total cut-off of service.<sup>4</sup> In a petition for declaratory ruling filed earlier this year by America's Carriers Telecommunications Association ("ACTA"), ACTA revealed similar allegations that the ILECs have announced plans to cease providing IXC's with customer billing information required for 10-XXX calls.<sup>5</sup> WorldCom can report that it has received a letter from one of the major ILECs that purports to unilaterally cancel a current billing and collection agreement with WorldCom and -- in addition to imposing onerous new terms and conditions on WorldCom -- seeks new rates that are roughly double what WorldCom currently pays for the same service. Another major ILEC has also indicated to WorldCom that it intends within the next month to unilaterally alter its existing recourse policy provided under a current billing and collection agreement with WorldCom.

Thus, given this context of possible imminent actions by the ILECs to drastically curtail or eliminate the only viable billing and collection mechanism available to IXC's for non-

---

<sup>4</sup> MCI Petition at 6.

<sup>5</sup> See America's Carriers Telecommunications Association, Petition for Declaratory Ruling, File No. ENF-97-05, filed January 17, 1997. The Commission sought and received comments on the ACTA petition. Public Notice, DA 97-825, issued April 18, 1997.

subscribed services, there is a compelling need for the Commission to immediately initiate a rulemaking to adopt a nondiscrimination rule applicable to the LECs' billing and collection services. WorldCom supports MCI's suggested narrowly-tailored course of "an appropriate nondiscrimination rule" applicable only to the LECs' billing and collection services provided for non-subscribed interexchange services.<sup>6</sup>

WorldCom agrees with MCI that the Commission retains the statutory authority under Title I of the Communications Act of 1934, as amended, to impose rules on the LECs' billing and collection practices.<sup>7</sup> Moreover, in the case of the RBOCs, WorldCom believes that the Telecommunications Act of 1996 provides an even more compelling basis for the Commission to adopt a straightforward nondiscrimination requirement for billing and collection services. Section 272(c)(1) of the 1996 Act plainly requires that the RBOCs, in their dealings with their long distance affiliates, "may not discriminate between that company or affiliate and any other entity in the provision or procurement of goods, services, facilities, and information...."<sup>8</sup> In its Non-Accounting Safeguards Order, the Commission has interpreted this provision as a blanket prohibition against any discrimination (reasonable or otherwise) by an RBOC between its affiliate and other entities.<sup>9</sup> Moreover, the Commission held that Section 272(c)(1) encompasses a host of administrative, non-common carrier-related services -- "such

---

<sup>6</sup> MCI Petition at 14.

<sup>7</sup> MCI Petition at 11-13.

<sup>8</sup> 47 U.S.C. Section 272(c)(1).

<sup>9</sup> Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, CC Docket No. 96-149, First Report and Order and Further Notice of Proposed Rulemaking, FCC 96-489, issued December 24, 1996, at paras. 202-212 ("Non-Accounting Safeguards Order").

as billing and collection services."<sup>10</sup> Thus, an RBOC cannot advantage its own long distance affiliate in any way by providing billing and collection services only to that affiliate, or by imposing more onerous rates, terms, and conditions on unaffiliated IXCs. In order to fully implement this important statutory requirement, WorldCom asks the Commission to adopt rules that, at minimum, specifically require the RBOCs to provide billing and collection services to unaffiliated service providers on the very same rates, terms, and conditions as those services are provided either to themselves or to their own affiliated service providers.

Finally, WorldCom agrees with MCI that a permanent rule is not necessary to protect the public interest.<sup>11</sup> Rather, a temporary transitional safeguard should be adopted that can be removed once the dependence of non-subscribed services on LEC-provided billing and collection services has been removed.<sup>12</sup> In the meantime, however, the Commission must hasten to adopt a nondiscrimination rule governing the LECs' provision of billing and collection services.

---

<sup>10</sup> Non-Accounting Safeguards Order at para. 217 (emphasis added).

<sup>11</sup> MCI Petition at 15.

<sup>12</sup> In that regard, WorldCom would not oppose working with industry members to develop a consensus on some type of cooperative settlements procedure for billing and collection for non-subscribed customers.

### III. CONCLUSION

The Commission should adopt competitively-neutral nondiscrimination rules applicable to LEC provision of billing and collection services offered to providers of interexchange services to non-subscribed customers.

Respectfully submitted,

WORLDCOM, INC.



---

Catherine R. Sloan  
Richard S. Whitt  
1120 Connecticut Avenue, N.W.  
Suite 400  
Washington, D.C. 20036  
(202) 776-1550

Douglas F. Brent  
9300 Shelbyville Road  
Suite 700  
Louisville, Kentucky 40222  
(502) 426-6667

Its Attorneys

July 25, 1997

## CERTIFICATE OF SERVICE

I, Cecelia Y. Johnson, hereby certify that I have this 25th day of July, 1997, sent a copy of the foregoing "Comments of WorldCom, Inc." to the following:

William F. Caton (original and 4 copies)\*  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

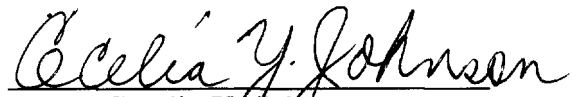
Regina Keeney\*  
Chief, Common Carrier Bureau  
Federal Communications Commission  
Room 500  
1919 M Street, N.W.  
Washington, D.C. 20554

Darius B. Withers (one copy, plus on computer disk w/ cover letter)\*  
Common Carrier Bureau  
Federal Communications Commission  
Room 6120  
2025 M Street, N.W.  
Washington, D.C. 20554

Mary L. Brown  
Donna M. Roberts  
MCI Telecommunications Corporation  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

David Alan Nall  
Squire, Sanders, & Dempsey  
1201 Pennsylvania Avenue, N.W.  
Post Office Box 407  
Washington, D.C. 20044

International Transcription Service, Inc.\*  
2100 M Street, N.W.  
Suite 140  
Washington, D.C. 20037

  
Cecelia Y. Johnson

\* by hand delivery